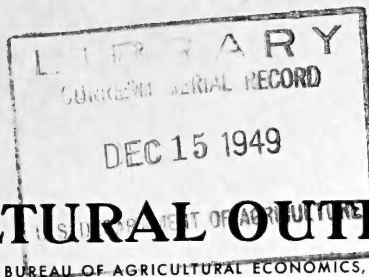


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# The AGRICULTURAL OUTLOOK DIGEST

BUREAU OF AGRICULTURAL ECONOMICS, U. S. D. A.

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Farmers' prices generally are likely to stay on a fairly even keel for the next month or two.

The crops harvested by farmers this summer and fall totaled the second largest in history. Recently, marketings of livestock have been increasing seasonally.

Despite the abundance of farm products, however, strong demand and government price programs have held the overall decline in prices received by farmers to about 5 percent since June. Two percent of that decline occurred from mid-October to mid-November. This brought the overall average of farmers' prices down to parity for the first time since November, 1941. Among major farm products, only beef cattle, veal calves, lambs and wool are still priced above parity.

The economic situation indicates that demand for farm products is not likely to weaken for awhile.

Industrial production recovered to late summer levels after the work stoppages in coal and steel ended in mid-November. Stocks of both commodities are low. The decline in business inventories of the first 8 months of this year ended in September. Spending for new construction is continuing at a near record rate. Employment and consumer income have shown only minor drops in recent months.

Changes in the BLS index of wholesale prices and the BAE index of prices paid by farmers including interest and taxes have been small recently. From October to November wholesale prices were down less than 1 percent while prices paid by farmers remained steady.

Although the domestic market has continued strong, our exports of agricultural products have dropped off sharply. During the third quarter of this year, the value of our agricultural products was lower than in any quarter since the war ended and 14 percent lower than in the same period last year. Biggest drop from last year was a 30 percent decline in shipments of grain and grain products. In the fourth quarter, some increase in grain exports is expected.

**LIVESTOCK** Prices of the good and better grades of cattle reached the seasonal peak in late October and November when they averaged within a few dollars of all-time highs. Seasonal decline may be only a little greater than usual since grain-fed cattle may not be marketed as fast in early months of next year as in the same period of 1949.

Hog prices have been declining seasonally; are near support levels. Prices are not likely to drop much more since supports are at their lowest level in December and will increase the rest of the winter.

Demand for lamb and mutton is strong; so is demand for lambs for breeding and feeding. Prices of slaughter ewes and lambs, and feeder lambs have been near those of a year ago.

**DAIRY PRODUCTS** Farmers are feeding their milk cows heavily; milk output per cow is a record for the time of the year. Total milk flow for 1949 will be about 2 percent higher than in 1948. Manufactured products still are being purchased for price support.

Prices for dairy products in 1950 will depend partly on the support level which may be set at any point from 75 to 90 percent of parity.

**POULTRY AND EGGS** Wholesale egg prices have dropped sharply since mid-September. Since egg production this fall and winter probably will continue large, it is likely that the seasonal peak in prices has passed.

Prices of chickens and turkeys, both at the farm and at wholesale, in mid-November were about a fourth lower than a year earlier. Numbers of chickens, turkeys and broilers are up substantially from last year. Cold storage holdings of poultry on November 1 were up 36 percent from a year earlier.

**FATS AND OILS** Output of lard in September was a record for the month and 40 percent larger than a year earlier. October production probably was also a new high for the month. Prices declined from around 12.5 cents per pound in the first three weeks of October to around 9 cents a pound in early November. Production of soybean oil also was at a new peak in September.

With cottonseed oil output also high, total output of fats and oils used mainly for food was a record in September and October.

Factory and warehouse stocks of fats and oils on October 1 were the smallest for the date since 1936. Domestic consumption has been high and exports unusually heavy in recent months.

FEEDS The seasonal decline in corn prices from mid-October to mid-November has dropped them to \$1.02 per bushel, the lowest level since 1945. This is 19 cents lower than last year and 38 cents per bushel below the national average loan rate. Corn prices are now low compared to other feed grain prices; probably will not drop any further this season.

From July through September, about one-fourth more feed grains were used than in the same quarter of 1948 and a little more than the average for the last 5 years. Although more feed grains will be used than last season, stocks next October are expected to be a sixth larger than last October.

WHEAT The amount of wheat from the 1949 crop placed under loan or purchase agreement is expected to equal or exceed the 364 million bushels from the 1948 crop. Through October 31, 281½ million bushels were being held under these programs.

Wheat prices which were below the loan rate early in the season, are now generally above the loan level.

Exports under the International Wheat Agreement are expected to increase as a result of a new program which provides for CCC export subsidy payments for wheat and wheat products financed under ECA. Through November 24, our sales under the agreement totaled 22 million bushels. Our annual quota under the agreement is 168 million bushels.

FRUITS AND VEGETABLES Prices for deciduous fruits in December probably will remain near November levels. After the first of the year, apple and pear prices received by farmers may increase a little.

As marketings of citrus fruits increase, prices are likely to decline. After the holidays, they may drop somewhat below last winter.

Total output of fresh vegetables for fall shipment is estimated to be about 8 percent smaller than last fall. Prices may average a little higher than a year earlier.

Ample supplies of all major canned and frozen vegetables are on hand. Prices are running moderately lower than a year earlier; are not likely to change much in the first half of 1950.

Potatoes from 1950 crops will be supported at 60 percent of the revised parity.

The seasonal low in prices received by farmers for sweetpotatoes was reached recently; a gradual rise is expected. For the season, they probably will average above the 80 percent of parity support level, but moderately lower than prices for the small 1948 crop.

COTTON Domestic mills have been buying considerably more cotton than last year. They probably will continue to do so for the next few months since the mills are booked ahead as far as April and May. Exports also are running above last year. In September, 211,400 bales were shipped compared with 171,000 a year earlier.

Entries of cotton into CCC loan stocks are increasing but remain below last year's rate. Spot cotton prices were steady during the first half of November, averaging about one-third cent above the support level.

TOBACCO Auctions for the 1949 Burley crop started in late November. Demand is expected to continue strong particularly for cigarette grades. But the crop plus stocks gives a larger total supply than last year. Prices probably will average below the 46 cents a pound received for the 1948 crop.